

1. In this Condition the following words and expressions shall have the following meaning given to them, except where the context requires a different meaning:

- a. "group undertaking" has the meaning given by Section 1161 of the Companies Act 2006.
- b. "Material Single Source Sub-contract (Non-Qualifying)" means a sub-contract entered into by the Contractor where:
  - (1) the sub-contract is entered into at the same time as, or after, the Contract was entered into;
  - (2) the sub-contract is entered into for the purposes of the Contract;
  - (3) the award of the sub-contract is not the result of a "competitive process" as defined in Regulation 59, or Regulation 60, as appropriate, of the Single Source Contract Regulations 2014 (SSCR) for Qualifying Sub-contracts (QSCs);
  - (4) the value of the sub-contract is of or above £25,000,000; and
  - (5) at least 50% of the sub-contract (by value) is required either to enable performance of the Contract or to enable the combined performance of the Contract and any other contract to, or prospective contract, which the Contractor or any group undertaking of the Contractor is a party, or might become a party.
- c. "Qualifying Defence Contract Notifications" means any notification which the Contractor would be required, by Section 26 of the Defence Reform Act 2014 (DRA), to provide to the Authority if the Contract had been a Qualifying Defence Contract (QDC) for the purpose of the DRA.
- d. "Qualifying Defence Contract Reports" means the reports which the Contractor would be required, by Part 5 of the SSCR, to provide to the Authority if the Contract had been a QDC for the purpose of the SSCR.

2. Except where otherwise provided in the Contract, and subject to clause 3 of this Condition, the Contractor shall provide to the Authority:

- a. Qualifying Defence Contract Notifications; and
- b. all Qualifying Defence Contract Reports,

by the dates on which they would have been required had the Contract been a QDC for the purpose of the DRA and SSCR.

3. Where a Qualifying Defence Contract Report requires information regarding the calculation of the Contract Profit Rate under Regulation 11, 12 and 13 of the SSCR, the Contractor shall not have to provide such information.

4. Except where the Authority expressly agrees otherwise in writing, the Contractor shall use reasonable endeavours to include in any Material Single Source Sub-contract (Non-Qualifying) equivalent terms to those specified in this Condition (inserting relevant party names where appropriate).

5. Where the terms specified in Appendix I to this Condition are included in a Material Single Source Sub-contract (Non-Qualifying), the Contractor shall take all reasonable steps to secure the performance by the Sub-contractor of the obligations contained in those terms.

6. The Contractor shall promptly notify the Authority where it is unable to include in any Material Single Source Sub-contract (Non-Qualifying) the terms specified in Appendix I to this Condition, or where it believes that the inclusion of those terms will prevent the achievement of a fair and reasonable price for the Material Single Source Sub-contract (Non-Qualifying).

## Appendix I to DEFCON 813

### Provisions to be included in Material Single Source Sub-contracts

1. The following words and expressions shall have the meaning given to them, except where the context requires a different meaning:
  - a. "Material Single Source Sub-contract (Non-Qualifying)" means a sub-contract entered into by the Sub-contractor where:
    - (1) the sub-contract is entered into at the same time as, or after, the date on which this Sub-contract was entered into;
    - (2) the sub-contract is entered into in connection with or for the purposes of the Sub-contract;
    - (3) the award of the sub-contract is not the result of a "competitive process" as defined in Regulation 59, or Regulation 60, as appropriate, of the Single Source Contract Regulations 2014 (SSCR) for Qualifying Sub-contracts (QSCs);
    - (4) the value of the sub-contract is of or above £25,000,000; and
    - (5) at least 50% of the sub-contract (by value) is required either to enable performance of this Sub-contract or to enable the combined performance of the Sub-contract and any other contract, or prospective contract, to which the Sub-contractor or any group undertaking of the Sub-contractor is a party, or might become a party.
2. "Qualifying Sub-contract Notifications" means any notification which the Sub-contractor would be required, by Section 26 of the DRA, to provide to the Authority if the Sub-contract had been a QSC for the purpose of the DRA.
3. "Qualifying Sub-contract Reports" means the reports which the Sub-contractor would be required, by Part 5 of the SSCR, to provide to the Authority if the Sub-contract had been a QSC for the purpose of the SSCR.
4. Except where otherwise provided in the Sub-contract, and subject to clause 3 of this Condition, the Sub-contractor shall provide to the Authority:
  - a. Qualifying Sub-contract Notifications; and
  - b. all Qualifying Sub-contract Reports,by the dates on which they would have been required had the Sub-contract been a QSC for the purpose of the DRA and SSCR.
5. Where a Qualifying Sub-contract Report requires information regarding the calculation of the Contract Profit Rate under Regulation 11, 12 and 13, the Sub-contractor shall not have to provide such information
6. Except where the Authority expressly agrees otherwise in writing, the Sub-contractor shall use reasonable endeavours to include in any Material Single Source Sub-contract (Non-Qualifying) equivalent terms to those specified in this Condition (inserting relevant party names where appropriate).

7. Where equivalent terms to those specified in this Condition are included in a Material Single Source Sub-contract (Non-Qualifying), the Sub-contractor shall take all reasonable steps to secure the performance by the Sub-contractor of the obligations contained in those terms.

8. The Sub-contractor shall promptly notify the Authority where it is unable to include in any Material Single Source Sub-contract (Non-Qualifying) equivalent terms to those specified in this Condition, or where it believes that the inclusion of those terms will prevent the achievement of a fair and reasonable price for the Material Single Source Sub-contract (Non-Qualifying).

9. The Contractor and Sub-contractor agree that terms have been included in this Condition which are for the benefit of the Authority. Notwithstanding any contrary provisions in this Sub-contract, the Contractor and Sub-contractor agree that the Authority shall be able to enforce those terms which confer a benefit on the Authority.